

# Capital Markets

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## Major Indices

Foreign	Last	Ch	YtD
Dow Jones	12660.46	-0.58%	3.63%
Nasdaq	2816.55	0.40%	8.11%
S&P500	1316.33	-0.16%	4.67%
DAX	6511.98	-0.43%	10.40%
CAC40	3318.76	-1.32%	5.03%
FTSE100	5733.45	-1.07%	2.89%
DJstoxx 600	255.40	-0.95%	4.44%
Nikkei 225	8793.05	-0.54%	3.99%

Arab*	Last	Ch	YtD
BSI	1167.86	-0.13%	-0.75%
S&P AFE40	53.83	0.00%	0.22%
TASI	6554.77	0.27%	2.14%
DFMGI	1401.56	-0.30%	3.56%
EGX30	4535.18	2.31%	25.20%
KWSE	5857.60	0.09%	0.75%
AMGNRLX	1941.72	0.19%	-2.68%

## Major Currencies\*\*

	Last	Previous	Change
EUR/USD	1.3223	1.3104	0.91%
GBP/USD	1.5718	1.5687	0.20%
USD/JPY	76.66	77.44	-1.01%

## Major Commodities Futures\*\*

	Last	Previous	Ch
Oil	99.81	99.93	-0.12%
Gold	1737.6	1720.0	1.02%

## Interbank Rates

	Last	Previous
LIBOR 1M	0.27%	0.27%
LIBOR 3M	0.55%	0.55%
EURIBOR 1M	0.73%	0.73%
EURIBOR 3M	1.14%	1.14%

## US Benchmark Rates

	Last	Change
1 Y	0.12%	0
2 Y	0.22%	0
5 Y	0.75%	-2
10 Y	1.93%	-3
30 Y	3.07%	-3

## Economic Watch List

	Actual
US Personal Consumption Real (Dec)	-
US Midwest Manufacturing (Dec)	-
EZ Economic Sentiment (Jan)	93.8
JP Industrial Output (Dec)	3.0%
JP Unemployment Rate (Dec)	4.5%

## MARKET WRAP UP

US Stocks mostly ended lower on Friday after reports that the growth in the US economy lagged behind previous expectations and as losses following disappointing results from oil giant Chevron outweighed gains by lenders late during the session. Dow Jones slid by 0.6% to 12661 and S&P500 diminished by 0.2% to 1316 points. In Europe, Stoxx600 lost 1% to 255 influenced by the results from the US. Germany's DAX slid 0.4%, France's CAC and the UK's FTSE100 fell by 1.3% and 1.1% respectively. Moving East, Asian markets today trailed markets in the US and Europe and as Greek debt talks continued to lag. MSCI Asia Pacific 50 declined 1.1% to 808; Japan's Nikkei225 diminished 0.5% to 8793 and Hong Kong's Hang Seng closed down by 1.7% to 20160.

## TOP STORIES

### Real GDP Growth Accelerates; Chevron, P&G Post Earnings

US Real GDP increased in Q4 2011 at an annual rate of 2.8%, the fastest since Q2 2010, according to advance estimate, and up from 1.8% the quarter before. The economy's growth however fell short of economists' expectations of a 3.2% annual expansion rate. On corporate news, Exxon Mobil plans to sell around 30% of its stake in TonenGeneral Sekiyu back to its Japanese refining partner in a deal that could be worth about \$3.9B. Facebook will file documents on Wednesday for the IPO that will value the company at \$75B-\$100B, in hopes of raising around \$10B with the help of Morgan Stanley as its lead underwriter. On earnings releases, Chevron reported lower Q4 profits which slipped to \$5.1B, or \$2.58 per share, from \$5.3B, or \$2.64 per share, a year earlier. These results missed Wall Street forecasts of the \$2.84 per share, as rising spending on oil and gas projects along with losses at its US refinery business offset gains from higher crude oil prices. P&G posted \$1.69B in Q2 earnings, or \$0.57 per share, down from \$3.33B or \$1.11 per share the year before, despite a 4% y-o-y increase in sales to \$22.1B.

### Greece Rushes with EU and Creditors Showdowns; Carrefour Reigns on a Gloomy Past

Ahead of today's EU-Greece fateful summit in Brussels, Greek Prime Minister obtained further support from all political parties as his nation risks pushing Europe into another recession. All parties conceded to deeper spending cuts that should avert the nation from a bankruptcy showdown amid ongoing weekend negotiations with private creditors-led IIF on a bigger voluntary debt exchange. Moreover, Davos' closing theme this year was ordaining Europe to fix its debt crisis for good as EU leaders place the finishing touches today on a German-led deficit-control treaty and endorse a permanent rescue fund with a \$1T firewall. Moving to corporate news, Swedish-Swiss ABB, the world's largest equipment maker of power-distribution has agreed to buy Thomas & Betts for \$3.9B to boost its North American distribution network, which accounted for 19% of global revenues in 2010 to 30% by 2015 and add the new business of low-voltage equipment. In other news, the world's second largest grocer, France's Carrefour appointed new CEO Georges Plassat, ending Lars Olofsson's three-year reign.

### China Opts for Flooding Liquidity; Mitsubishi Electric Barred from State Contract Bids

China's PBOC baffled analysts' forecasts of a further cut in banks' reserve requirements, which it opted for last December, the first time since January 2008 in order to cool down real estate bubble threats. Instead and just prior to last week's week-long lunar year celebrations, the central bank pumped \$56B into the financial system as part of its loosening policy for a soft-landing. Moving to corporate news, Mitsubishi Electric Corp, satellites and factory-automation equipment maker saw its share price whipped 15% due to the government barring it from state contracts bids on the grounds of overcharging defense and aerospace projects. Meanwhile, India's biggest power-equipment maker, Bharat Heavy Electricals Ltd., experienced the biggest one-day stock price drop since the Lehman-bankruptcy days plummeting 9%. This was due to its Q3 profits missing estimates caused by quarterly margins falling from 21.5% to 17.9% y-o-y.

### Arab Markets End Mixed; Saudi Inflation Fell to a 4-year Low in 2011

Dubai's benchmark ended Sunday's session 0.3% lower at 1,402, led by property stocks, while Abu Dhabi's market gained 1.8% to 2,433. Saudi Arabia's Tadawul advanced 0.3% to 6,555, and Qatar inched 0.06% up to 8,440, supported by banking stocks. Kuwait added 0.1% to 5,858, whereas Oman lost 0.03% to 5,594. Egypt's EGX30 jumped 2.3% to close at 4,535. In economic news, inflation in Saudi Arabia fell to a 4-year low of 5% in 2011 compared to 5.3% in 2010 and 5.1% in 2009 as lower rents and food prices more than offset a rise in other components of the consumer price index. On the corporate front, Tamweel, the Dubai-based sharia-compliant mortgage lender, posted a fourth-quarter net profit of AED31 million (\$8.44 million) in 2011 compared to AED8 million (\$2.17 million) recorded a year earlier. Separately, DP World sold its 34% stake in U.K.-based Tilbury Container Services Ltd for \$75.48 million.

\*BSI: BLOM stock index ; AMFCI: Arab Monetary Fund composite index ; TASI: KSA index ; DFMGI: Dubai index ; EGX30: Egypt index ; KWSE: Kuwait index ; ASE: Jordan Index ; \*\*From Open To Open

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